



Controller John Chiang
California State Controller's Office

300 Capitol Mall
Sacramento, CA
95814

916.445.2636
www.controller.ca.gov

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Contact: Jacob Roper
916-445-2636

Controller Encourages Californians to Claim Federal Tax Credits

SACRAMENTO – State Controller John Chiang today asked Californians to look for letters from the Internal Revenue Service that encourage taxpayers to take advantage of the Federal Earned Income Tax Credit (EITC). The Federal credit is worth up to \$5,657 for the 2009 tax year.

"Taxpayers who claim the credit today could receive a check before the holiday season," said Controller Chiang. "The Earned Income Tax Credit can make a tremendous difference to working Californians."

The State Controller, who chairs California's Franchise Tax Board (FTB), last year asked the tax agency to work more closely with the Federal Government to improve delivery of the EITC. A recent study by the New America Foundation estimates that one in five eligible California taxpayers do not take advantage of the credit, leaving approximately \$1.2 billion unclaimed.

The FTB has formed a working partnership with the State Controller's Office and the IRS to explore other ways of informing eligible taxpayers about the benefits of the EITC. This mailing, which includes 46,000 letters statewide, is the first action to come from that working partnership.

The letters are going to individuals who appear to be eligible for the credit but did not claim it on their 2009 federal income tax returns. The credit is available to many workers and self-employed individuals whose incomes were under \$49,000 in 2009.

Controller Chiang also coordinates volunteer tax-filing assistance each year for California taxpayers who are eligible for the EITC. In the past four years, these efforts have helped more than 2,500 taxpayers claim \$3 million in credits and refunds.

The IRS letters include everything taxpayers need to claim their credit, including a worksheet that can take the place of an amended return. Taxpayers who want help filling out the forms can call the IRS at (800) 829-1040. The IRS will verify the information provided and send taxpayers checks directly. Taxpayers can find more information on credit eligibility at www.irs.gov.

Taxpayers earning less than \$42,000 in calendar year 2008, or less than \$40,000 in calendar year 2007, should also check their returns to see if they qualified for this credit in either of those years. Taxpayers can file amended returns to claim past years' credits.

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